

**TESTIMONY OF A. R. WATTS****FOR****THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA****DOCKET NO. 2001-3-E****IN RE: DUKE POWER**

**Q. WOULD YOU PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION?**

**A.** A. R. Watts, 101 Executive Center Drive, Columbia, South Carolina. I am employed by The Public Service Commission of South Carolina, Utilities Department, as Chief of Electric.

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

**A.** I received a Bachelor of Science Degree in Electrical Engineering from the University of South Carolina in Columbia in 1976. I was employed at that time by this Commission as a Utilities Engineer in the Electric Department and was promoted to Chief of the Electric Department in August 1981. I have been in my current position since October 1999. I have testified before this Commission in conjunction with fuel clause, complaint, territorial assignment and general rate proceedings.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

**A.** The purpose of my testimony is to summarize Staff's findings as set forth in the Utilities Department's portion of the Staff Report.

**Q. WHAT SPECIFIC AREAS WERE ENCOMPASSED BY STAFF'S EXAMINATION?**

**A.** The Utilities Department's examination of the Company's fuel operations consisted, in part, of a review of the Company's monthly operating reports, review of the

1 currently approved Adjustment For Fuel Costs tariff, and review of the Company's  
2 short-term projections of kilowatt-hour sales and fuel requirements.

3 **Q. DID STAFF EXAMINE THE COMPANY'S PLANT OPERATIONS FOR**  
4 **THE PERIOD?**

5 **A.** Yes, we reviewed the Company's operation of its generating facilities, including  
6 special attention to the nuclear plant operations, to determine if the Company made  
7 every reasonable effort to minimize fuel costs.

8 **Q. HAVE YOU DETERMINED THAT ANY SITUATIONS WARRANT**  
9 **DETERMINATION THAT THE COMPANY HAS ACTED**  
10 **UNREASONABLY IN OPERATING ITS FACILITIES AND THEREBY**  
11 **CAUSING ITS CUSTOMERS TO BE SUBJECT TO PAYING HIGHER**  
12 **FUEL COSTS?**

13 **A.** No, the Company's generating facilities, operated very well during the period under  
14 review. The actual average nuclear system capacity factor was 90.9%, which  
15 included five refueling outages during the review period. The major fossil units  
16 averaged over 90% availability for the majority of the period under review as  
17 indicated on Utilities Department Exhibit No. 1.

18 **Q. WOULD YOU BRIEFLY EXPLAIN THE REMAINING UTILITIES**  
19 **DEPARTMENT'S EXHIBITS?**

20 **A.** Yes. Exhibit No. 2 shows the Company's Major Plant Outages for the months of  
21 April 2000 through March 2001, listing the plants by unit, duration of the outage,  
22 reason for the outage, and corrective action taken. Exhibit No. 3 lists the Company's  
23 percentage Generation Mix by fossil, nuclear, and hydro for the period April 2000  
24 through March 2001. Exhibit No. 4 reflects the Company's major plants by  
25 name, type of fuel used, average fuel cost in cents per KWH to operate, and total  
26 megawatt-hours generated for the twelve months ending March 2001. Exhibit  
27 No. 5 shows a comparison of the Company's original retail megawatt-hour estimated  
28 sales to the actual sales for the period under review. Exhibit No. 6 is a comparison of  
29 the original fuel factor projections to the factors actually experienced for the twelve  
30 months ending March 2001. Exhibit No. 7 is a graphical representation of the

1 data in Exhibit No. 6. Exhibit No. 8 is the Company's currently approved retail  
2 Adjustment For Fuel Costs tariff. Exhibit No. 9 is a history of the cumulative  
3 recovery account. Exhibit No. 10 is a table of estimates for the cumulative recovery  
4 account balance for various base level fuel factors for the period ending May  
5 2002.

6 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

7 **A.** Yes, it does.